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LISTING STATEMENT No. 2125

LISTED OCTOBER 9, 1962
5,000,000 shares without par value
Ticker abbreviation "KLY"
Dial ticker number 452
Post section 3.1

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

KEELEY-FRONTIER MINES LIMITED

Incorporated under The Corporations Act of Ontario
by Letters Patent dated September 10th, 1959

1. Address of the Company's Head Office and of any other offices:

Head Office—Room 1003, 67 Yonge Street, Toronto
Mine Office—South Lorrain Township, via Cobalt, Ontario

OCT 22 1962

2. Officers of the Company:

OFFICE HELD	NAME	ADDRESS	OCCUPATION
President	Murdock C. Mosher	168 Sandringham Dr., Toronto	Prospector
Vice-Pres.	Frank H. Todd	3000 Yonge St., Toronto	Retired Insurance Agent
Secretary-Treasurer	C. Roger Archibald	45 Highland Ave., Toronto	Barrister & Solicitor

3. Directors of the Company:

NAME	ADDRESS	OCCUPATION
Murdock C. Mosher	168 Sandringham Dr., Toronto	Prospector
Frank H. Todd	3000 Yonge St., Toronto	Retired Ins. Agent
Van H. Smith	90 Strathallan Blvd., Toronto	Metallurgist
Robert J. Ash	Government Rd. E., Kirkland Lake, Ont.	Retired Accountant
Russell J. Murphy	848 Beaufort Ave., Oshawa, Ont.	Barrister & Solicitor

4. Names and addresses of all transfer agents:

Chartered Trust Company, 64 Wellington Street West, Toronto

5. Particulars of any fee charged upon transfer other than customary government taxes:

50c fee on transfer

6. Names and addresses of all registrars:

Chartered Trust Company, 64 Wellington Street West, Toronto

7. Amount of authorized capital: } Authorized capital divided into 5,000,000 shares without par value; aggregate consideration for issue not exceed \$2,500,000.
8. Number of shares and par value: }
9. Full details of all shares issued in payment for properties or for any other assets other than cash:

A total of 505,000 shares were issued as a part consideration for the acquisition of a total of 14 mining claims in South Lorrain Township, District of Temiskaming, Ontario. Refer to Article 27 of this application. Particulars of the issue of the said shares are as follows:—

Claims H.R. 19 and H.R. 21 (totalling 88.25 acres) were purchased from Anglo-Huronian Limited, 44 King Street West, Toronto, an Ontario company, for \$25,000, half paid by cash and half by issue of 125,000 shares at 10c per share.

Six mining claims H.R. 16, H.R. 17, H.R. 20, H.R. 25, H.S. 39 and H.R. 68 (totalling 148.8 acres) were purchased from The Mining Corporation of Canada Limited, 44 King Street West, Toronto, a Canadian company, for \$50,000, half paid by cash and half by issue of 250,000 shares at 10c per share.

Three claims, H.R. 22, R.L. 455 and R.L. 456 (totalling 108.10 acres) and the isolated claim H.R. 610 (34.20 acres) were purchased from Keeley Extension Mines Limited, 44 King Street West, Toronto, an Ontario company, for \$25,000, half paid by cash and half by issue of 125,000 shares at 10c per share.

450,000 of the said shares were deposited in escrow and subsequently released therefrom.

The above purchases were made in September 1959 and subsequently on 25th April, 1960, the Company purchased from Mr. Nathaniel Oslund of R.R. No. 1, Haileybury, Ontario, two unpatented claims, T 32960 and T 46400 (totalling 89.18 acres) for \$10,000 cash and 5,000 shares of the Company issued at 10c a share; subsequently the Company has secured title in fee simple from the Crown to these claims.

10. Full details of all shares sold for cash.	DATE	NO. OF SHARES	PRICES	AMOUNT REALIZED
	Sept. 1959	10	\$1.00	\$ 10.00
	Sept. 1959	500,000	.10	50,000.00
	May 1960	250,000	.10	25,000.00
	July 1961 Public Offering	1,100,000	.25	275,000.00
	Jan. 1962 "A" Warrants	601,025	.25	150,256.25
	May 1962 "B" Warrants	476,325	.25	119,081.25
	Aug. 1962 Underwriting	400,000	.30	120,000.00
	Aug. 1962 Underwriting	100,000	.35	35,000.00
	Sept. 1962 Option	100,000	.35	35,000.00
	*Oct. 4, 1962 Option	100,000	.40	40,000.00
		3,627,360 shares		\$849,347.50
	<p>Note 1. Upon incorporation of the Company in September 1959, Mr. Mosher paid the Company \$10.00 for 10 shares subscribed by incorporators and purchased for investment 500,000 further shares at 10c a share for \$50,000 paid to the Company, of which 480,000 shares were purchased on behalf of himself, 10,000 on behalf of his wife and 5,000 on behalf of each of two daughters; the \$50,000 so subscribed was applied by the Company in part payment of the cost of mining properties. To discharge obligations for organization, administration, engineering and a \$10,000 cash payment for additional properties, the Company made a private offering to shareholders in May 1960 of 250,000 shares at 10c per share. The said shares were subscribed 243,000 by Mr. Mosher, 7,000 by his wife and daughters and not by any other shareholder.</p> <p>Note 2: On the sale of the aforesaid 1,100,000 shares under public offering in July 1961, the Company paid \$16,500 commission to brokers and dealers, and expenses of the offering approximating \$9,000. No commission was paid on the sale under shareholders' warrants.</p> <p>Note 3: Expenses in connection with the current underwriting and prospectus were estimated not to exceed \$10,000.</p>			
11. Total number of shares issued.	4,132,360*			
12. Number of shares now in treasury or otherwise unissued.	867,640*			
13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes.	None			
14. Date of last annual meeting.	January 9th, 1962			
15. Date of last report to shareholders.	Annual Report December 22nd, 1961. Interim Reports Jan. 9/62, April 10/62, July 24/62			

*Note: Amended to reflect the exercise of an option on October 4, 1962, subsequent to the filing of this statement, on 100,000 shares at 40¢ per share. (This note applies to items 10, 11, 12 and 16.)

16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this to be stated.	<p>By underwriting agreement dated 20th July, 1962, Thomson, Kernaghan & Co. Ltd., on behalf of clients, subscribed for 400,000 shares at 30c and 100,000 shares at 35c for \$155,000 received by the Company. The Underwriter was granted options on 700,000 shares, and has anticipated the October 15th option of 100,000 shares at 35c, (\$35,000), and 100,000 shares of the January 15, 1963 option at 40c (\$40,000).</p> <p>The Underwriter now holds options on 500,000 shares:— 100,000 shares at 40c per share on or before Jan. 15, 1963, (which the Underwriter has advised it will take up on or before November 15, 1962), and 200,000 shares at 45c per share on or before Apr. 15, 1963, and 200,000 shares at 60c per share on or before July 15, 1963.</p> <p>The Directors have allocated 100,000 shares under incentive options at 30c per share to employees of the Company, as follows: Mine Manager (Roger Gareau, Cobalt, Ontario—50,000 shares); Geologist, (William Hammerstrom, Cobalt, Ontario—20,000 shares); the balance of 30,000 shares to be allocated amongst senior employees by the President on the recommendation of the Mine Manager; these options extend for three years from August 1st, 1962; not more than 35% of the options may be exercised by any optionee in either of the first two years; the options are not assignable and terminate on the optionee leaving the Company's employ; personal representatives may exercise the options within six months of the death of any optionee-employee; options forfeited for any reason may be re-allocated by the President amongst employees.</p>
17. Names and addresses of persons having any interest, direct or indirect, in underwritten or optioned shares or other securities or assignments, present or proposed.	<p>The Underwriter has advised that it holds the said underwriting and options as to 50% on behalf of Compact Investments Limited, 62 Richmond St. W., Toronto and as to 50% on behalf of Glandfield & Company Limited, 80 King St. W., Toronto, acting for Louada Manor Farms Limited, 100 Adelaide St. W., Toronto; and that further there are no sub-option agreements, sub-underwriting agreements or assignments outstanding or proposed to be given.</p> <p>The Underwriter further advises that the names and addresses of all of the shareholders of each such corporation, who may be considered to have direct or indirect interests in the underwritten or optioned shares, are as follows:</p> <p>In Thomson, Kernaghan & Co. Ltd., 365 Bay Street, Toronto—Edward B. Kernaghan; Frederick C. Woolley; Walter W. Davison; Kenneth A. W. Sutherland; John F. W. Willis; J. G. Steen; E. R. Henry.</p> <p>In Compact Investments Limited, above address—Percy Waxer, 85 Forest Grove Drive, Willowdale, Ont.; Ralph Fisher, 678 Briar Hill Avenue, Toronto; Harry Shlesinger, 18 Prince Charles Dr., Toronto 19.</p> <p>In Glandfield & Co., above address—Rowland Glandfield, 615 Finch Ave. W., R.R. 1. Thornhill; Frank Cadesky and Florence Cadesky, both of 767 Spadina Road, Toronto.</p> <p>In Louada Manor Farms Limited, above address—Louis Cadesky and Ada Cadesky, both of 649 Spadina Road, Toronto, and Frank Cadesky of above address.</p>
18. Details of any payments in cash or securities of the Company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None
19. Details of any shares pooled, deposited in escrow, non-transferable or held under any voting trust agreement, syndicate agreement or control.	None
20. Names and addresses of owners of more than a 5% interest in pooled or escrowed shares and their shareholdings. (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable
21. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>Murdock C. Mosher, 168 Sandringham Dr., Toronto—952,003 shares.</p> <p>Thomson, Kernaghan & Co. Ltd., 365 Bay St.—646,500 shares.</p> <p>Doherty, Roadhouse & Co., 335 Bay St.—416,800 shares.</p> <p>The Mining Corporation of Canada Limited, 44 King St. W., Toronto—250,000 shares.</p> <p>T. A. Richardson & Co., 4 King St. W.—132,700 shares.</p> <p>It is not known to what extent holdings in brokers' names are held for others, but it is presumed that substantial numbers of such shares are held for clients' accounts or distributed in street certificate form.</p>
22. Names and addresses of persons whose shareholdings are large enough to materially affect control of the Company.	<p>Mr. Mosher is the largest shareholder in the Company. There is no person who, by reason of shareholdings or of any agreement, is in a position to elect or cause to be elected a majority of the directors of the Company, and thereby to control it.</p>

31. Are any lawsuits pending or in process against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so explain fully.	None
32. Describe plant and equipment on property or properties.	<p>The underground operations have been opened through the No. 3 shaft of the old Frontier Mine and carried on through the extensive workings of the old Frontier and Keeley Mines. In the past year the Company has constructed and installed a head frame, concrete block hoist house with efficient electric hoist, a power house housing 1,500 c.f.m. and 650 c.f.m. air compressors, and which formerly housed the diesel plant, a concrete block building to accommodate offices, map room, first aid room and a well equipped dry. A 1.8 mile high voltage connecting power line and substation at the property has been constructed. Underground the Frontier No. 3 shaft of three compartments has been re-equipped as required and made fully operative for its depth of 615' to the 8th level. Track and air and water lines have been laid on parts of selected levels of the Frontier to best serve exploration, development and mining. Various other shafts have been put in condition and equipped for purposes of ventilation, manways and escape ways, and the No. 3 Keeley shaft as an auxiliary shaft for lowering of equipment and materials. Certain track and pipe remains underground in the Keeley workings.</p> <p>Commencing August 1962 the construction of the milling plant was begun. An ore bin has been constructed, mill building footings are poured and completed and the construction of a concrete block mill building commenced, a crusher has been installed and a substantial part of the milling machinery and equipment delivered to the property. Completion of the mill is scheduled for December.</p>
33. Describe all development accomplished and planned.	<p>The Company's plan for development and operation of the mine was initiated in August 1961 and has been carried on continuously since that date, in accordance with the original engineering recommendations and generally following the cost and time schedules laid down. The plan calls for the mine to come into production about the end of the year 1962.</p> <p>The first phase of operations consisted of the dewatering of the old workings of the Keeley Mine and the Frontier Mine, which are many miles in length. This dewatering has been completed to the 8th levels and the two mines have been connected on several levels. Surface plant is constructed at the No. 3 Frontier shaft, which is now to be used as the main operating and production shaft through which all ore will be hoisted to the ore bin at the shafthead, whence the ore will be transported by conveyer a short distance to the mill, now under construction. During the first phase the concentration was on preparation and equipping of the mine underground. Considerable sampling, exploration and development work was done underground, the limitation on this work being due to the restriction of operating by diesel power, until early August of 1962 when the power line connection was made. A number of ore faces were opened in the old workings and a number of raises driven between levels on the Woods, Watson and No. 1 veins. The satisfactory condition of the workings, and the vein and ore occurrences are referred to in the engineer's report. It is established that there is considerable ore available for immediate mining in the old workings and opportunities for finding new ore at new faces in the old workings. The Company's plan at all times has contemplated that it will direct its efforts to exploring for and developing ore in new sections of the properties which it has now combined and which have not heretofore been opened and worked. It was recommended that this exploration be carried out from underground. Time has not yet permitted much of this new exploration work but veins with potential mineral importance have been located both east and west of the old workings, and the engineer's report attached refers to extensive areas extending west from the old workings, which are considered of major importance for future work. It is planned to continue the exploration work during the period of mill construction and from the commencement of production.</p>
34. Date and author of mining or petroleum engineer's or geologist's report filed with this application and available for inspection on request.	Work at the property was initiated and carried out in accordance with the recommendations of Leonard G. Smith, in his report dated 29th March, July, 1962, copy of which is filed with this application, and reproduced herewith.
35. Full particulars of production to date.	There has been no production by the Company since commencement of operation in 1961, but production is now scheduled to commence on completion of the present mill, which is to have a rated capacity of about 150 tons per day. As shown by Mr. Smith's report, the Keeley Mine and the Frontier Mine produced over 18,000,000 ounces of silver to the time of their shutdown in 1931, the rate of production being substantial at that time.
36. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.	No
37. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange.	Roberts, Archibald, Seagram & Cole 320 Bay Street, Toronto, Ontario.

<p>38. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars.</p> <p>(b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so, give particulars.</p> <p>(c) Has any application for listing of any shares of the Company ever been refused or deferred by any stock exchange? If so, give particulars.</p>	<p>The authorized 5,000,000 shares of the capital stock of the Company were listed on the Canadian Stock Exchange on December 4th, 1961, together with the stock purchase warrants issued in July 1961, then outstanding and subsequently exercised.</p> <p>No</p> <p>No</p>
<p>39. Particulars of the principal business in which each officer and director has been engaged during the past five years, giving the length of time, position held and name of employing company or firm.</p>	<p>Murdock C. Mosher is a prospector. For some years, until March 1959, he was President and Director of the Field Exploration of Lun-Echo Gold Mines Limited. Since incorporation of the Company in September 1959 he has been a director and President of the Company, as well as being interested in other mining or exploration companies.</p> <p>Frank H. Todd for many years owned and operated the Todd Insurance Agency in the Town of Cobalt, and has been retired since 1958.</p> <p>Van H. Smith is a metallurgist, consultant for Dickenson Mines Limited and is in private practice in Toronto.</p> <p>Robert J. Ash for many years was a Mine Accountant; from 1952 to 1962 he was a part proprietor of James Davis Hardware of Elliot Lake, and is now retired.</p> <p>Russell Joseph Murphy, barrister and solicitor, has practised law in Oshawa, Ontario, for more than five years, from 1958 to 1961 as a partner in the firm of Greer, Murphy & MacDonald, and from January 1961 to date in practice for himself.</p> <p>C. Roger Archibald, Secretary, is a barrister and solicitor and a member of the legal firm of Roberts, Archibald, Seagram & Cole.</p>
<p>40. The dates of and parties to and the general nature of every material contract entered into by the Company which is still in effect and is not disclosed in the foregoing.</p> <p>Except for management contracts, do not include particulars of any contract entered into in the ordinary course of business carried on or intended to be carried on by the Company.</p>	<p>Other than the underwriting and option agreements, referred to above, there are no outstanding material contracts other than those relating to the ordinary course of business and operations at the mining property.</p>
<p>41. Any other material facts not disclosed in the foregoing.</p>	<p>The Company has filed with this listing application, a copy of its financial statements as at June 30, 1962, an engineer's report dated July 26, 1962, by Leonard G. Smith, P. Eng; also copies of its prospectus dated Aug. 10, 1962, and of historical data in the form of earlier reports and prospectus. As appears from the documents filed the mill construction and underground exploration and mine preparation is a continuous operation from day to day. The Company proposes to follow its normal policy of issuing periodic reports on operations to its shareholders and the Exchange as may appear appropriate in the circumstances. Otherwise there are no additional facts considered material to this Listing Application.</p>

STATEMENT SHOWING DISTRIBUTION OF ISSUED CAPITAL

AS OF 12th SEPTEMBER, 1962

FREE STOCK

	Shares	Shares
(a) Distributed and in the hands of the public (exclusive of the promoters, officers and directors of the Company and their agents or trustees).	2,975,352	
(b) Distributed and in the hands of the promoters, officers and directors of the Company and their agents or trustees.	<u>1,057,008</u>	
Total free stock		4,032,360

ESCROWED OR POOLED STOCK

(c) Held in escrow or pool as set out in Item 19 of this application.	Nil
Total issued capital	<u>4,032,360</u>

RECORD OF SHAREHOLDERS

Number of registered shareholders holding shares in class (a) above	288
Number of registered shareholders holding shares in class (b) above	6
Number of registered shareholders holding shares in class (c) above	Nil
	<u>294*</u>

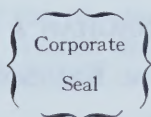
STATEMENT SHOWING NUMBER OF SHAREHOLDERS

AS OF 12th SEPTEMBER, 1962

Number	Shares
5 Holders of 1 — 100 shares	204
128 “ “ 101 — 1000 “	97,250
45 “ “ 1001 — 2000 “	83,250
22 “ “ 2001 — 3000 “	57,502
19 “ “ 3001 — 4000 “	68,750
14 “ “ 4001 — 5000 “	68,400
61 “ “ 5001 — up “	<u>3,657,004</u>
294* Stockholders	Total Shares <u>4,032,360</u>

*As of September 12, 1962, there were registered in the names of brokers 1,348,055 shares, plus an additional 646,500 shares in the name of the Underwriter, and it is assumed that the bulk of such shares are held for the accounts of several hundreds of shareholders.

Dated at Toronto the 18th day of September 1962.



KEELEY-FRONTIER MINES LIMITED

“MURDOCK C. MOSHER”, President

“C. R. ARCHIBALD”, Secretary

CERTIFICATE OF UNDERWRITER/OPTIONEE

To the best of my knowledge, information and belief, all of the statements and representations made in this listing application and in the documents filed in support thereof are true and correct.



THOMSON, KERNAGHAN & CO. LTD.

“W. W. DAVISON”

Note: Additions are incorporated above, subsequent to September 18, 1962, particularly in Items 10, 11, 12, and 16 to reflect the issue on October 4, 1962 of 100,000 shares; the Underwriter advises the Exchange that it will take up 100,000 shares at 40¢ per share on or before Nov. 15, 1962.

PARTICULARS OF SUB-OPTIONS, SUB-UNDERWRITINGS, ETC.

The following are particulars of all agreements of the nature of sub-option agreements, sub-underwriting agreements and assignments, outstanding or proposed to be made with respect to the treasury share contracts set out in Item 16, on Page 3.

Under agreement dated 20th July, 1962, between the Company and Thomson, Kernaghan & Co. Ltd., 365 Bay Street, Toronto, as Underwriter, acting on behalf of clients, the Underwriter has firmly subscribed for 400,000 shares at 30¢ per share, and 100,000 shares at 35¢ per share, for an aggregate consideration of \$155,000, which has been paid to the Company. The Company has given options to the Underwriter on a further 700,000 shares, of which 100,000 at 35¢, exercisable on or before October 15, 1962, have been taken up for \$35,000, paid to the Company, leaving outstanding options on

*600,000 shares as follows:—

*200,000 shares at 40¢ per share on or before January 15, 1963.

200,000 shares at 45¢ per share on or before April 15, 1963.

200,000 shares at 60¢ per share on or before July 15, 1963.

Failure on the part of the Underwriter to exercise any option on or before the scheduled dates constitutes a default and the options are terminated. The Underwriter holds the said underwriting and options as to 50% on behalf of Compact Investments Limited, 62 Richmond Street West, Toronto, and as to 50% on behalf of Glandfield & Company Limited, 100 Adelaide Street West, Toronto, acting for Louada Manor Farms Limited, 100 Adelaide St. W., Toronto. There are no sub-option agreements, sub-underwriting agreements or assignments outstanding or proposed to be given.

CERTIFICATE AND AGREEMENT OF OPTIONEE OR UNDERWRITER

The optionee or underwriter mentioned in Item 16 on page 3 hereby

1. Certifies that the above information is true and correct, and
2. Covenants that no agreement or agreements of the nature of a sub-option agreement, sub-underwriting agreement or assignment, with respect to the shares set out in Item 16 on page 3 will hereafter be made by him without prior notice thereof being given to the Exchange and that no such proposed agreement or agreements will be proceeded with until such notice has been duly accepted for filing by the Exchange.

Dated at Toronto this 20th day of September, 1962.



THOMSON, KERNAGHAN & CO. LTD.

"W. W. DAVISON"

*Note: 100,000 shares were taken up at 40¢ per share on Oct. 4, 1962 for \$40,000 paid to the Company. The Underwriter has further advised the Exchange that it will take up an additional 100,000 shares at 40¢ per share on or before Nov. 15, 1962.

FINANCIAL STATEMENTS

KEELEY-FRONTIER MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET

June 30, 1962

ASSETS

CURRENT ASSETS

Cash	\$ 24,434.75	
Short term securities at cost	125,000.00	
Accounts and interest receivable	<u>2,730.23</u>	\$152,164.98

FIXED ASSETS

Mining properties in the Township of South Lorrain, District of Temiskaming, Ontario, acquired for \$60,000 cash and 505,000 shares of the company's capital stock valued at \$50,500	110,500.00	
Buildings and equipment at cost	<u>117,281.67</u>	227,781.67

OTHER ASSETS AND DEFERRED EXPENDITURES

Supplies at cost	10,940.90	
Prepaid insurance	2,954.22	
Power line and sub-station at cost	30,000.00	
Exploration and administrative expenditures	273,968.11	
Organization expenses	3,071.15	
Commission on issue of the company's shares	<u>16,500.00</u>	337,434.38
		<u>\$717,381.03</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 17,533.53	
Payable for construction of power line	<u>30,000.00</u>	\$ 47,533.53

SHAREHOLDERS' EQUITY

Capital stock (see note)		
Authorized—5,000,000 shares of no par value		
Issued—		
2,927,360 shares for cash	619,347.50	
505,000 shares for mining claims	<u>50,500.00</u>	
3,432,360 shares		669,847.50

Note:

Subsequent to the date of the balance sheet, the company has

- (a) agreed to sell 400,000 shares of its capital stock at 30¢ per share and 100,000 shares at 35¢ per share, payable within three days of the latest of the dates of acceptance for filing of the company's prospectus or filing statement by the Ontario Securities Commission, the Quebec Securities Commission or the Canadian Stock Exchange, and has granted an option on an additional 700,000 shares exercisable as follows:

100,000 shares at 35¢ per share on or before October 15, 1962.	
200,000 shares at 40¢ per share on or before January 15, 1963.	
200,000 shares at 45¢ per share on or before April 15, 1963.	
200,000 shares at 60¢ per share on or before July 15, 1963.	

- (b) set aside 100,000 shares of its capital stock for the purpose of granting to employees options to purchase shares at 30¢ per share. Options on 70,000 of these shares have been granted, exercisable on or before August 1, 1965.

\$717,381.03

Approved on behalf of the Board:

"MURDOCK C. MOSHER", Director

"VAN H. SMITH", Director

KEELEY-FRONTIER MINES LIMITED

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED

From incorporation on September 10, 1959 to June 30, 1962

	SEPT. 10, 1959 to AUG. 31, 1961	TEN MONTHS ENDED JUNE 30, 1962	BALANCE JUNE 30, 1962
EXPLORATION			
Dewatering and mine preparation	\$20,022.91	\$139,647.78	\$159,670.69
Drifting and crosscutting		16,988.44	16,988.44
Raising		19,438.13	19,438.13
Slashing		1,849.46	1,849.46
Stoping		5,193.35	5,193.35
Diamond drilling		8,043.54	8,043.54
Mine supervision, mine office expenses and general expenses at the property	5,642.33	32,400.11	38,042.44
	<u>25,665.24</u>	<u>223,560.81</u>	<u>249,226.05</u>
ADMINISTRATIVE AND CORPORATE			
Rent	250.00	2,500.00	2,750.00
Office salary and expenses	1,083.08	6,065.00	7,148.08
Advertising and publicity	908.44	211.00	1,119.44
Legal and audit fees	2,800.00	2,984.46	5,784.46
Taxes and licenses	691.97	1,841.79	2,533.76
Stationery and printing	1,831.63	937.05	2,768.68
Transfer agent's fees and expenses	2,188.25	801.10	2,989.35
Travelling expense	3,387.66	1,852.20	5,239.86
Telephone and telegraph	424.51	811.06	1,235.57
General expenses	527.85	371.73	899.58
	<u>14,093.39</u>	<u>18,375.39</u>	<u>32,468.78</u>
Deduct			
Office service fees charged to other companies	480.00	2,850.00	3,330.00
Interest earned		4,396.72	4,396.72
	<u>13,613.39</u>	<u>11,128.67</u>	<u>24,742.06</u>
	<u>\$39,278.63</u>	<u>\$234,689.48</u>	<u>\$273,968.11</u>

AUDITORS' REPORT

We have examined the balance sheet of Keeley-Frontier Mines Limited as at June 30, 1962 and the statement of exploration and administrative expenditures deferred from incorporation on September 10, 1959 to June 30, 1962. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statement of exploration and administrative expenditures deferred present fairly the financial position of the company as at June 30, 1962 and the results of its operations for the period then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

GUNN, ROBERTS & CO.

Chartered Accountants.

Toronto, Canada,
July 31, 1962.

ENGINEER'S REPORT

ON

KEELEY-FRONTIER MINES LIMITED

SOUTH LORRAIN TOWNSHIP

PROVINCE OF ONTARIO

INTRODUCTION

This report brings up to date an earlier report dated March 29th, 1961, and summarizes the progress of work recommended, in that earlier report, to be carried out in two phases on the property of Keeley-Frontier Mines Limited.

These properties in South Lorrain Township are located sixteen miles southeast of Cobalt, Ontario. They include the lands and workings of two former silver producers, the Keeley Mine and the Frontier Mine. It was proposed and recommended that the Company should undertake an underground exploration programme, to be initiated through an existing shaft, in the former workings, in search of silver in new and hitherto unexplored and unopened areas. Properties incorporated in the new company were formerly known as the Frontier Mine, which includes the Crompton, and the Keeley Mine; they also include the Keeley Extension.

DESCRIPTION OF PROPERTY

The Keeley-Frontier Mines Limited consists of thirteen mining claims in one contiguous block and one mining claim lying one mile and one-half south of the main group.

The recorded numbers of the mining claims in the one group are H.R. 16, 17, 19, 20, 21, 22, 25, 68, H.S. 39, R.L. 455, 456 and T 32960 and T 46400, all of which are patented. The area of this block approximates 430 acres and the relative location of these claims and their surface geology are shown on accompanying maps, which were attached to my original report and are dated March 29th, 1961.

The isolated patented mining claim lying to the south of the main group is H.R. 610.

Access to the main group is by motor road from the Ontario Northland Railway at North Cobalt, a distance of twenty-one miles.

HISTORY

A short history of the discovery and development of the silver deposits in the South Lorrain district seems interesting.

Following the discovery of silver in 1903 and the early development in the Cobalt camp, where the silver deposits were found to have an association with the intrusive Nipissing diabase sill, prospecting was extended into the Elk Lake, Gowganda and South Lorrain areas where other occurrences of the Nipissing diabase had been recognized.

The first discovery of silver was made by the partners, J. M. Wood and R. J. Jowsey, on the original Keeley claim, H.R. 19, which was staked in September, 1907. It was named the Keeley after Charles Keeley who was associated with Jowsey and Wood.

After the discovery on the Keeley the South Lorrain camp became active and continued so until the latter part of the year 1913. During this period the South Lorrain camp produced approximately 2,500,000 ounces of silver from relatively small operations. In the next eight years there was little activity. During World War I work was carried on intermittently, and on the termination of this war operations on the two claims, H.R. 19 and 21 of Keeley Silver Mines Limited were resumed under the direction of the late Dr. J. Mackintosh Bell. To him is due the credit for the opening up of high-grade silver ore shoots, in 1921, on the Woods vein, and for the revival of interest in the South Lorrain camp. Up to the closing of the mine in the year 1931 the Keeley property produced 12,145,344 ounces of silver.

In August, 1921, Horace Strong of Haileybury, discovered the first important high-grade ore at the Frontier Mine, immediately north of the Keeley. This property and the adjoining Crompton were turned over to the Mining Corporation of Canada, Limited and with parts of mining claims H.R. 16 and H.R. 25 were then mined until shut-down in 1931. This group is reported to have produced 6,637,111 ounces of silver. Following the 1959 purchase of these properties by the present company mining operations were started as reported below.

GEOLOGY

The Pre-Cambrian rocks of South Lorrain have been classified by A. G. Burrows in the Annual Report, Ontario Bureau of Mines, Vol. XIX, part II, 1913, and by C. W. Knight in Vol. XXXI, part II, 1922.

The oldest rocks are Keewatin basalts intruded by Haileyburian lamprophyre dikes. These were intruded by Algoman granite, followed by the desposition of the Cobalt sediments. Then came the intrusion of the Nipissing diabase sill, the most important geological feature of the South Lorrain silver camp.

The Nipissing diabase sill is described by C. W. Knight as having the shape of a great elongated dome, the longer axis of which strikes northeastward. The top of this dome has been eroded, leaving the two arms dipping away eastward and westward at angles varying from 15° to as high as 80° or 90°. Folding has been noted at the contacts, and some irregularities have been caused by doming and faulting. In the Keeley and Frontier Mine workings the sill has been shown to have a thickness of 910 feet.

The silver deposits of Cobalt, Elk Lake, Gowganda and South Lorrain are associated with the Nipissing diabase sill, but there are other controlling factors which are not similar in all these camps.

STRUCTURAL GEOLOGY

The Keewatin rocks in the Keeley and Frontier have been folded and faulted, intruded by lamprophyre dikes along fault lines, intruded by the diabase sill, and with the sill have been folded and faulted again.

It is believed that the veins were deposited during fracturing following the solidification of the diabase sill, and the fracturing occurred often along the contacts of the lamprophyre dikes. On the Keeley, the Wood's vein and No. 16 vein were faults occupied by lamprophyre dikes before the veins were formed. Mineralization of the veins was affected by the dikes in a zone near the contact of the sill with the Keewatin rocks.

The folding, faulting and fracturing that developed the vein systems of the Keeley and Frontier took place along the westerly dipping arm of the dome-shaped sill, and these occurred along east-west and north-south lines of compression. The vein material was deposited in open spaces and also by replacement where fracturing extended into the wall-rock.

What appeared to be an unusual pre-glacial oxidation along the Wood's vein in the Keeley took place near a heavily fractured area at the intersection of Wood's, 26 and 20 veins.

In addition to the intensity of fracturing, ore shoots in the Keeley and Frontier were caused by intersections of faults, intersections of veins, or intersections of barren fractures or shear zones with the veins.

Where first found, No. 16 vein in the Keeley was a narrow, barren fracture striking westward from the Wood's vein. A slash blasted out of the wall of the Wood's drift disclosed a calcite stringer. A drift round was then blasted exposing a calcite vein eight inches wide. Another drift round showed high-grade silver.

Silver production on the Keeley and Frontier came from an apparent favourable horizon extending from 400 feet above the upper contact of the diabase sill to about 150 feet below, but within this zone it is believed that structural conditions, and not contact proximity, are the major factors controlling the deposition of silver.

OLD MINE WORKINGS

The recommended programme for new exploration to be carried out by the Keeley-Frontier Mines Limited necessitated the dewatering of the old workings of the original Keeley and Frontier properties which were extensive.

On the Keeley the main workings are those initiated by the development of and production from the Wood's vein, No. 16 and No. 28 vein, in addition to some minor developments along other smaller veins and fractures.

Five shafts were put down during mining operations on the old Keeley property. Three of these, Nos. 1, 2 and 3 will be used for the new operations.

No. 1 shaft has a depth of 240 feet. It is connected to the main workings, but provides only a ventilating shaft and emergency exit.

No. 2 shaft is a prospect shaft 100 feet deep. It is not connected to any other workings.

The No. 3 shaft has been reconditioned and is in operation down to the first level. It has been sunk to a depth of 560 feet, with a sump below the 8th level. It has a hoisting compartment 3'7"x4'4½" and a manway 3'x4' 4½". This shaft is timbered and is connected to all the levels except No. 4 level, access to which is through a small winze on Wood's vein north. It was the main operating shaft of the old Keeley.

Underground there are various winzes, most of which have been stoped out, as detailed in an earlier report.

On the Frontier the main workings are those initiated by the development of, and production from, the Wood's vein, the Watson vein, and along smaller veins and fractures.

The north-south vein structure, of which the Wood's vein and Watson vein are a part, extends north from the Frontier Mine into the claim T 46400, formerly H.S. 40 of the Little Keeley property where a shaft had been sunk and exploration undertaken on two levels.

In the exploration of and production from the Wood's and Watson veins on the Frontier Mine, the main development was the sinking of the main Frontier shaft. This is a three compartment shaft having two hoisting compartments and a manway, all three openings having the same size, 4' 5¾x5' inside the timber. It has been sunk to a depth of 615 feet down to the 8th level and has a sump below this level. The Frontier shaft has a cement collar and is well timbered. Pumping out of the mine workings of Keeley-Frontier has been carried out through this shaft. It has been found in good condition, with the timbers well preserved under water. A head-frame 80 feet has been erected and is now being used for reaching and exploring new and potentially valuable areas for finding silver deposits, which by reason of these occurrences cannot be satisfactorily located by diamond drilling from surface. However, the existing underground workings have provided the opportunity of putting out shorter and more easily controlled exploratory holes.

From the 8th level on the Frontier property a winze had been sunk to the 1,420 foot horizon, and a drive extended south through the old Keeley property to explore the lower contact of the diabase sill. Some ore was produced from the lower contact, and this contact will provide a favourable locality for finding new high-grade silver deposits.

ORE POSSIBILITIES

The major ore potential of the Keeley-Frontier Mine is in the favourable conditions in hitherto unexplored localities in the Company's properties, notably on the Keeley property along the productive zone west of the old Keeley workings, and on the unexplored Keeley Extension. The discovery and development of ore in these two localities will constitute an entirely new mining operation.

While the ore in the old workings was considered to have been substantially exhausted under conditions prevailing at shutdown in 1931, it was assumed that some ore would be found, in old stopes and drifts in the old Keeley and Frontier workings that could be removed at a profit under the current price for silver, and that has proved to be the case. When these mines closed down the price for silver was under 30 cents per ounce as compared with the present price per ounce. However, the ore remaining in these old workings is not the main objective of the new operations.

In the Frontier the relatively limited exploration conducted by the new company since dewatering of the upper levels gives strong encouragement as to the possibilities of a new production vein, No. 4, lying east of and paralleling the Watson vein; also underground drilling to the west has intersected a vein carrying silver, No. 9, in the vicinity of the No. 1 fault, which checks with a surface occurrence, and justifies exploration to test the possibility of finding a productive vein parallel and to the west of the Wood's vein. The No. 4 vein may correspond to the Stairs vein on the old Keeley which saw only limited exploration.

WORK DONE BY PRESENT COMPANY

Following the forming of the present company, no work was done on the properties, other than survey and assessment work, until the summer of 1961 when it initiated a major underground programme of exploring and developing the properties. This was to be carried out in two phases according to my recommendations that the exploration and development be conducted from underground through the old workings and principally through No. 3 Frontier shaft. This programme required the dewatering of the underground workings, and the installation of a complete new surface and mining plant. Dewatering is now down to the 8th level in the Keeley. Work commenced in late August, 1961 and has progressed steadily since that time. A new headframe, 80 feet high, has been erected and a hoist house at the Frontier No. 3 shaft which is opened as a three compartment shaft to the eighth level at a depth of 615 feet.

A substantial concrete block building has been constructed which houses a fully equipped dry for the miners, offices and first-aid room.

A concrete block power house has been erected in which are the air compressors, double drum hoist, and diesel electric generator which has powered all operations up to July, 1962; electric power is on the point of connection from the Hydro Electric Power Commission of Ontario over a take-off line constructed by the Company for 1.8 miles to the sub-station on the Company's property. At present compressed air is being supplied by a 650 c.f.m. compressor to which will be added a 1,500 c.f.m. compressor now being installed.

During the year track and pipe have been installed as needed throughout the Frontier as the water receded. Track has been laid down in the Frontier for a length of 1,000 feet on the 5th level, 1920 feet on the 6th level, 100 feet on the 7th and 800 feet on the 4th. Connections of pipe and track have been and are being made into the Keeley.

Exploration and development work has been carried out in the old Frontier workings as water receded, employing four machines, operated on various levels, to test a large number of faces and vein exposures. Some short exploratory diamond drill holes have been put in. While the major work and expenditures underground since the programme began in 1961 have been in dewatering and mine preparation, the following footages for exploration and development work to June 30th, 1962 are noted:

Lateral—drifts and crosscuts	680 feet
Raising	1,537 feet
Slashing	904 tons
Diamond drilling underground	3,025 feet
Tons broken in stopes	1,416 tons
(including 157 tons waste)	
Tons of development muck	
Considered as ore	3,011 tons
Considered as waste	3,844 tons
Total tonnage broken	8,271 tons

The work has been carried out efficiently and the mining and excavation to date has been warranted.

Old stopes, some partly filled with broken ore, have been examined and where accessible sampled, but these samples cannot be expected to represent the true average value of the material. Nevertheless, these samples give some idea of ore content in the stopes.

ORE INDICATIONS

To the present stage of the underground examination, ore broken and in place, in a number of accessible locations in the workings is estimated to contain 1,400,000 ounces of silver. Grades of ore extend over a wide range indicating an average of 25 ounces of silver per ton.

In addition, it is estimated there are approximately 500,000 ounces of silver contained in tailings and dumps which may be profitably treated.

While still more ore will be found with further work on the upper levels, the main objective and the greatest potential for new ore, is in the hitherto unexplored localities acquired by the Company, along the productive zone west of the old Keeley workings and on the as yet unexplored Keeley Extension.

It is pointed out that an estimate of ore to be developed on the upper levels remains approximate at this stage and a more exact estimate awaits further work, but to date results have substantiated the theories and expectations outlined in my report.

COST ESTIMATES

I have reviewed with the Mine Manager the operating proposals for the next phases and consider the following to be fair and reasonable estimates of requirements.

SECOND PHASE—MILL CONSTRUCTION: This is estimated to extend from August to December, 1962 inclusive. During this five months period concentration will be on construction of the mill building, installation of mill equipment, and construction of the conveyor system from headframe to mill, all at the following estimated costs:

Milling plant complete	\$160,000
Remaining cost of power line and sub-station already completed	20,000
1,500 c.f.m. compressor and additional mining equipment	40,000
Exploration, development and administration during construction phase	125,000
Total	<u>\$345,000</u>

THIRD PHASE: During this phase exploration and development programme will be intensified and production commenced. Estimated monthly operating costs approximate \$50,000, subject to increase in accordance with the scale of exploration reached. Returns from shipments should commence with some requirement for working capital to cover the lapse of time until payments are received.

RECOMMENDATIONS

The directors of the Keeley-Frontier Mines Limited have already decided on the installation of a mill of 150 tons per day. This is in accordance with the second phase of operations outlined in my earlier report which provided for the expansion of the exploration and development programme and the initiation of production. This agrees with my recommendation.

With the installation of the new 1,500 c.f.m. compressor, increasing the compressed air capacity, operations may be expanded.

There is sufficient ore now available to justify the milling operations for some time. In my opinion the prospects of developing additional ore are good and it is of substantial advantage and economic to have a mill available as development proceeds.

SUMMARY

To date the operations at the Keeley-Frontier Mines Limited have been carried out efficiently in the dewatering of extensive mine workings where some seepage from surface has been going on constantly.

I consider the policy adopted for the development of the mine is well conceived and implemented.

Credit is due Mr. Roger Gareau and Mr. William Hammerstrom for the close supervision they have given this work. It can be expected that this will continue into the second phases of operations to arrive at the production stage of this mine. A start has been made with the installation of an excellent mine plant lending itself to expansion.

Respectfully submitted,
"LEONARD G. SMITH", P. Eng.

July 26th, 1962.

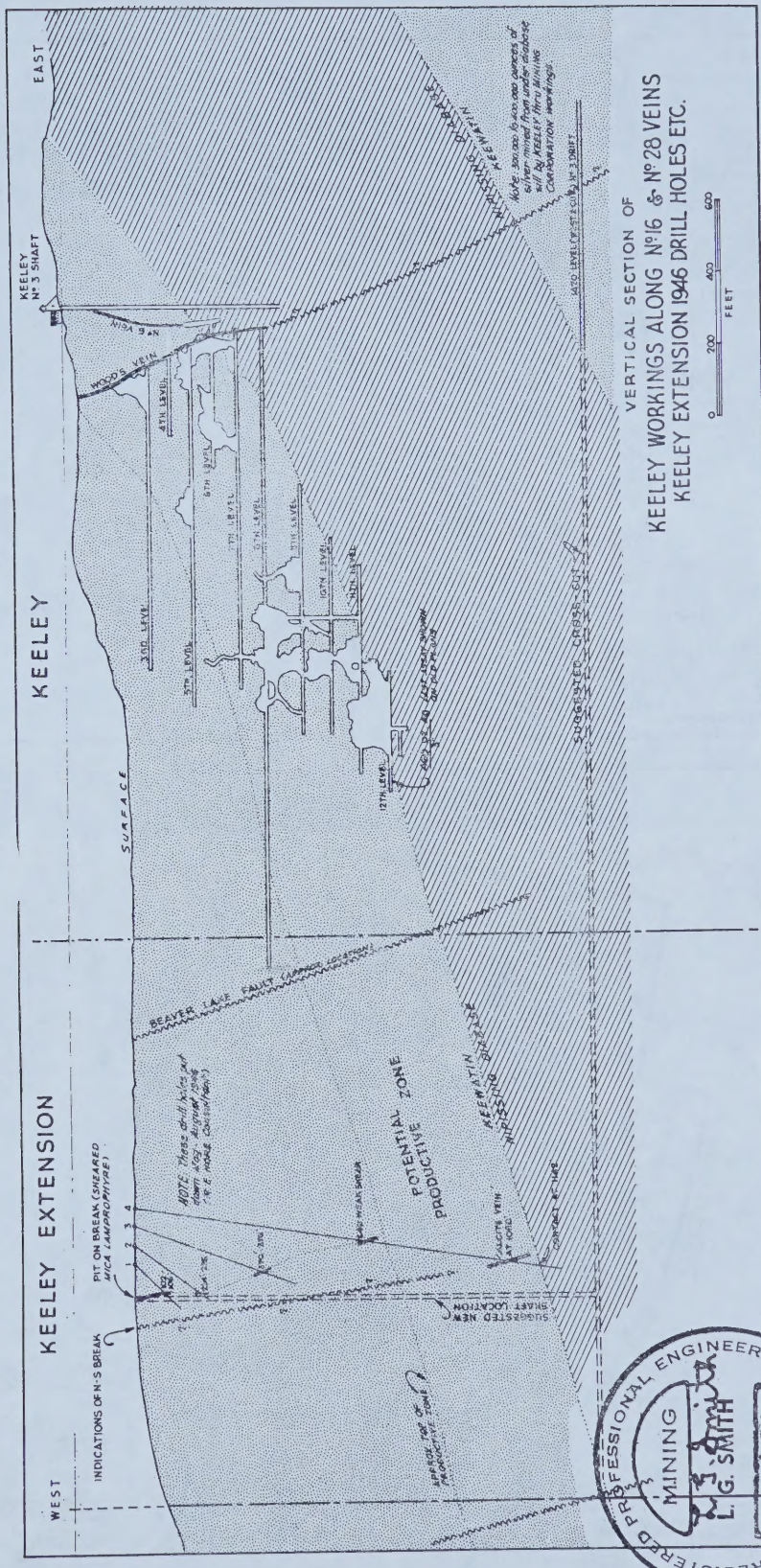
CERTIFICATE

I, L. G. SMITH, of the City of Toronto, in the Province of Ontario, hereby certify:

1. That I am a Mining Engineer residing at 10 Benvenuto Place, Toronto 7, and that my business address is
Room 1502,
330 Bay Street,
Toronto 1.
2. That I am a registered Professional Engineer of the Mining Branch of the Province of Ontario. That I completed my third year in Mining and Geology at Queen's University, my course being interrupted by military service in World War 1. That I have been practising my profession continuously since the end of that war.
3. That I have no direct or indirect interest whatever, nor do I expect to receive any, in the properties or securities of Keeley-Frontier Mines Limited.
4. That the accompanying report is based on government and private reports and information as set forth in my reports of this date and March 29th, 1961, and on personal knowledge of the general area and of the Keeley Mine, and on my inspection at the property on July 24th, 1962.

DATED at Toronto, Ontario, this 26th day of July, 1962.

"LEONARD G. SMITH"
Professional Engineer



VERTICAL SECTION OF
KEELEY WORKINGS ALONG NO. 16 & NO. 28 VEINS
KEELEY EXTENSION 1946 DRILL HOLES ETC.

